



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JAY B. RISING
STATE TREASURER

TO: Participating Schools and Lenders

FROM: Diane Todd Sprague, Director

DATE: July 15, 2004

SUBJECT: Educational Loan Notes

FEATURED FINANCIAL AID PROFESSIONAL

With nearly 13 years of financial aid industry experience, Terri Mieler, Financial Aid Director at Northwood University, is a pretty happy camper. Like many of her colleagues, she “fell into it” when she moved back to Michigan to be closer to family in 1991. Prior banking experience was useful as she began her career with Northwood University as a temporary employee in the financial aid office. A few months later, a full-time support staff position became available, and Terri was on her way up the ladder. For Terri, the love and enthusiasm for being a part of this industry began with understanding the value of a commitment to a strong work ethic taught by her parents. She soon learned working with students was rewarding, and along with their success grew a feeling of self-satisfaction that fueled the drive for her own personal success.



The rewards and gratification from being a director come from both assisting students in their quest for higher education and in helping staff develop, who Terri expresses, are very committed to teamwork and quality customer service. Operating an effective financial aid office requires teamwork and an atmosphere that provides staff the ability to serve the student population. The challenges in this industry can create so many emotions for your clients and fellow staff, but the rewards are plentiful. Terri feels particularly gratified by providing her staff the opportunity, tools, and training to become an integral part of the financial aid team.

As Terri explains, the challenges in this industry faced by the financial aid office continue to grow. It is increasingly difficult to provide resources to students to meet their financial needs to cover the costs associated with an education. It can be very challenging to educate families so they understand that they have the first responsibility in funding their children’s college education. Terri feels the core problems (increasing enrollment, higher costs, and fewer federal, state, and scholarship funds) need to be addressed through early awareness. She applauds the Michigan Student Financial Aid Association (MSFAA) Early Awareness Committee in their effort to work with families long before their children reach high school.

Even a family who has practiced the art of saving for future college expenses can be overwhelmed when they come face-to-face with the reality of college costs. Terri believes that Stafford loan limits will need to be increased to encourage access to higher education. Since she is prudent concerning students and debt load, she reluctantly acknowledges that alternative loans are sometimes necessary, but she cautions about higher interest rates associated with this approach. If she could change one thing in reauthorization it would be to increase the Stafford loan limits.

(Continued on the next page.)

Terri believes that in her early financial aid career, Michigan Guaranty Agency (MGA) workshops and MSFAA conferences were good sources to gain knowledge and to network with colleagues. She witnessed her peers' progression in the industry, and it inspired her to become focused on obtaining more knowledge and skills in hopes of accelerating her own career. Many colleagues provided inspiration along the way through her participation in MSFAA, the Midwest Association of Student Financial Aid Administrators (MASFAA), and the National Association of Student Financial Aid Advisors (NASFAA). The opportunity to make friends with so many experts in the field across the nation has contributed to her personal growth.

Terri has seen a lot of progression in loan processing over the years. New technology, the Master Promissory Note, Electronic Funds Transfer (EFT), and WhizKid™ software have all been contributing factors in helping her office run better, as well as assisting the business office. Ultimately, this means they can offer better service and delivery for the students.

When evaluating how her office serves Northwood University students, Terri relies on personal observation and feedback from families and/or other key department heads. Promptness, courtesy, and the use of technology are the hallmarks of a quality operation. This must be accomplished while working with families, students, employees, and industry partners. Northwood University is very student-focused. It provides a superior learning environment by providing the tools, quality of teaching, faculty, and personal consultation to make every student successful throughout their educational experience.

When asked what the ideal campus configuration would be to serve her students most effectively, Terri replied, "My ideal setup for students would be one building in which admissions, the business office, financial aid, private donor scholarships, academics, housing, and student services were all together. To me, this would truly be one-stop-shopping to provide convenient service for our students. The ideal location would be right near the campus bookstore, which is also convenient to campus housing and the cafeteria. Of course, for all the staff involved, I would want them to have windows - lots of windows. The campus is too beautiful to have it out of our sight. Enjoying the natural beauty of our surroundings can be very motivating."

The strong support Terri has received from her family has been very encouraging throughout her career. With her success, time has just flown by and her children, Justen and Becky are ready to start their own adult lives. Her husband recently retired, and Terri is envious. She authors a pretty extensive "honey-do" list for him to keep his retirement fulfilling. One day, far in the future, Terri looks forward to her own retirement that will include more traveling, winters in a warmer climate, and of course, a bigger boat. She loves being on the water and could do it year-round, just as long as the kids were close by. After all, family, the source of her joy, will be the most important part of her retirement years.

TREASURY OFFSET PROGRAM (TOP)

MGA is in the process of sending a notification to defaulted borrowers that their 2005 federal income tax return may be offset (seized). This notification is sent to borrowers who are not making payments on their defaulted loans. The borrower has a timeframe in which to resolve his or her account with MGA by setting up payment arrangements. If the borrower fails to satisfactorily resolve the account within the given timeframe, the Internal Revenue Service (IRS) is notified to offset any tax return to which the borrower is entitled.

The principal and interest amount that is due to MGA is the amount requested to be offset. Any refund up to that amount will be seized. This amount could include a portion of the refund that a spouse may be entitled to receive. In order for the spouse to receive their portion of the refund, they must file an injured spouse claim with the IRS. The IRS will determine the portion of the refund that the injured spouse is entitled to by determining their percentage of the Adjusted Gross Income (AGI). The percentage of income also represents the percentage of the refund to which they are entitled.

IRS offset funds may not apply to the collection costs that MGA assesses. Therefore it is possible that the offset will pay the principal and interest, but there will still be a collection cost balance due. MGA will continue to pursue the borrower until that balance is resolved.

Questions concerning the Treasury Offset Program should be directed to MGA's Collections Unit at extension 55053.

UPDATED CHARTS

Attached to this issue of *Educational Loan Notes* are new versions of the "Estimated Monthly Repayment Schedule" for both undergraduates and graduates, "Estimated Monthly In-School Interest Payment," and the "Estimated Amount of Interest Saved Making Payments on a Subsidized Loan During Grace Period" charts that have been updated to reflect the current interest rates. You may make copies of these charts for your borrowers, or they are available from MGA in quantity (black and white) by contacting the School Services Unit at extension 36074.

WHIZKID WEB TRAINING

The Michigan Guaranty Agency, in cooperation with Sallie Mae, sponsored WhizKid Web Training on June 22, 2004. Gaynel Bryan, Electronic Services and Product Support of Sallie Mae Guarantee Services, presented on:

- PLUS MPN Update
- CommonLine Version 5 Formats
- Upgrades to Import and Print Files
- Internet Email Transmission
- Loan Tracking, Edit, and Communication Capabilities
- Reporting Enhancements
- OpenNet Updates

Gaynel provided a thorough overview of WhizKid 9.0.0 and highlighted several changes that have been made. The report feature in WhizKid has been expanded and a "Power Reports" option has been added which allows schools to create custom reports. In addition to WhizKid, Gaynel provided an overview of updates to OpenNet.

Schools that participated in the Web training felt that the information was beneficial. Although Web training is convenient and economical, some participants still prefer a workshop setting. Copies of the WhizKid and OpenNet presentations are available. If you would like a copy, please contact Stacy Cardwell in the School Services Unit at extension 36074, or via email at cardwells@michigan.gov.

SUBSCRIPTION SERVICE SPECIFICS

"Lender Code Discrepancy Service"
For FFELP Schools

- Q.** Federal Family Education Loan Program (FFELP) borrowers at our school occasionally request a lender on their application that is a different lender than what the school has listed on the school certification. In this case, what procedure does the Michigan Guaranty Agency follow in order to process the loan for guarantee? Is there a way to make sure that the lender our school has certified is the lender that is used?
- A.** If the school-certified lender code is different than the borrower-selected lender code, the loan will suspend and not guarantee until the discrepancy is resolved. The MGA/Sallie Mae Application Corrections Unit will contact the school for resolution.

If the school does not want these types of loans to suspend, they can request MGA to overlay the borrower-requested lender code with the school-certified lender code. With this option, the loan will not suspend and does not need a resolution from the school in order to guarantee.

If you would like to take advantage of this option, please contact Stacy Cardwell, School Services, at cardwells@michigan.gov or at extension 36074.

**NEW INTEREST RATES -
ADDITIONAL INFORMATION**

The attached chart and the information in this article are supplements to the interest rate information emailed to participating lenders and lender servicers on June 10, 2004. The chart has been updated to include the new interest rates for PLUS and SLS loans that are indexed to the one-year constant maturity Treasury yield. Existing PLUS and SLS loans made prior to July 1, 1998, and that are at a variable rate, are calculated from the weekly average of the one-year constant maturity Treasury yield for the last calendar week ending on or before June 26 of each year.

(Continued on the next page.)

Lenders and lender servicers are reminded not only to use the new rates for loans originated on or after July 1, 2004, but also to update all existing Stafford, PLUS, and SLS variable rate loans to the new rates effective July 1, 2004.

If you have any questions, please contact Betty Calloway at callowayb@michigan.gov or at extension 39639.

SPECIAL ALLOWANCE RATES

Special allowance rates based on the 91-day Treasury Bill (T-bill) average and the three-month Commercial Paper average for the quarter ending June 30, 2004, are attached to this issue of *Educational Loan Notes*. The average of the bond equivalent rates of the 91-day T-bills auctioned during the quarter ending June 30, 2004, is 1.12%.

All new FFELP loans disbursed on or after January 1, 2000, are paid special allowance, if eligible, based on the Commercial Paper rate. The average of the bond equivalent rates of the quotes of the three-month Commercial Paper (financial) rates in effect for each of the days in the quarter ending June 30, 2004, is 1.23%.

NSLDS REPORTING REMINDER

Participation in federal financial aid programs requires lenders and lender servicers to report all status changes throughout the life of a loan to their guarantors. MGA encourages its lenders to report status changes on a monthly basis. It is imperative that loan information is updated and reported in a timely manner so MGA loan data will match the information on the lender's system. This will ensure that the information sent to the National Student Loan Data System (NSLDS) is accurate. Status changes to report include, but are not limited to:

- Enrollment status changes.
- Cancellation of all or a portion of the loan.
- Loan sales or transfers.
- Disbursement date changes.
- Date loans enter repayment.
- Loans that have been paid-in-full or consolidated.

Lenders and lender servicers are reminded that when a disbursement has been made on a loan, the outstanding principal loan balance is required to be

reported to the NSLDS with an "in-school" status ID code.

Forms currently used by lenders to report changes are:

- Loan Maintenance form
- Loan Change form
- Disbursement Change form
- Borrower/Student Personal Information form
- Sub/Unsub Reallocation form

If you need to order forms please visit our Web site at michigan.gov/mistudentaid. Click on "Resources" and then "Ordering Supplies." If you require assistance with reporting to the NSLDS or have other questions or concerns regarding NSLDS reporting, please contact Betty Calloway, Lender Services Specialist, extension 39639, or via email at callowayb@michigan.gov.

REMINDER: STATE OF MICHIGAN EMAIL ADDRESSES

This is a reminder that in May 2004 the State of Michigan completed its transition of email addresses from username@state.mi.us to username@michigan.gov for email addresses. Email sent to username@state.mi.us will no longer reach its destination and will be returned to the sender as undeliverable. Please check your electronic address book to ensure that email correspondence you wish to send to MGA is addressed to username@michigan.gov.

THE "ED" PIPELINE

Dear Partner
July 2004
ANN-04-06

This letter announces online, instructor-led training sessions for 2004-05 EDEExpress users. Topics covered are Origination, Disbursement, and Reconciliation.

Dear Partner
July 2004
GEN-04-05

As a result of feedback the U.S. Department of Education has received from the financial aid community, they are modifying the schedule, selection criteria, and message text for email messages they will send to certain 2004-2005 FAFSA filers.

SCHOOL LIST UPDATES

The following change should be recorded by lenders on MGA's "Active Michigan School List" dated January 23, 2004. If you have any questions regarding these changes, please contact Stacy Cardwell at extension 36074.

Contact Name Change

Central Michigan University, Mt. Pleasant, 002243-00

Judy Emmons is the main contact for this university. Judy's telephone number is 989-774-7426, and her email address is judith.s.emmons@cmich.edu.

LENDER LIST UPDATES

School personnel should record the following actions on the "Participating Lender List" dated January 26, 2004. Please make the appropriate changes in all sections of the list as needed. If you have any questions regarding these updates, please contact Pat Fromm at extension 36076.

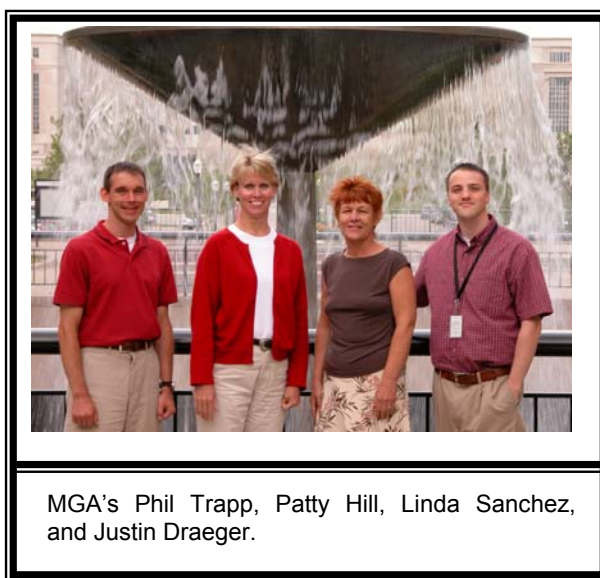
Newly Participating Lenders

AMS Education Loan Trust, 833067, c/o Sallie Mae, 1002 Arthur Drive, Lynn Haven, FL 32444, 888-272-5543

Collegiate Funding Services, 834091, c/o MOHELA, 633 Spirit Drive, Chesterfield, MO 63005, 888-922-9965

SIX WEEKS TO WELLNESS

Each year the Michigan Department of Treasury participates in a health and fitness program to encourage good nutrition and regular exercise. The program is called Six Weeks to Wellness. Each day for six weeks, individuals earn points for eating a healthy diet and participating in healthy activities, as well as community service. At the end of six weeks, the team with the most points wins. This year's first place winners represent the Michigan Guaranty Agency. They are Justin Draeger, Customer Services, Patty Hill, Guaranty Services, Linda Sanchez, Customer Services, and Phil Trapp, Customer Services. Congratulations team!



MGA's Phil Trapp, Patty Hill, Linda Sanchez, and Justin Draeger.

"Q" & "A"

Q. Can our institution certify a loan before we have determined a borrower's estimated financial assistance (EFA)?

A. A school may not certify a Stafford or PLUS loan application, or combination of loan applications for a loan amount that exceeds the student's estimated cost of attendance (COA), less the student's estimated financial assistance for that period. [§682.203 (d)(2)(i)]

Q. Our school is ready to certify a loan for a borrower who has qualified for an institutional scholarship. This scholarship

will be applied to the borrower's account beginning with the winter 2005 semester, but we are currently certifying loans for the fall 2004 and winter 2005 loan period. Would this scholarship be included in the borrower's EFA even though it is not scheduled to be awarded until the following semester?

A. Yes, sources of financial assistance that a student has received, or *will* receive during the loan period for which you are certifying a loan, must be included in their EFA and deducted from the student's COA. [2003-2004 *Common Manual* 6.7]

(Continued on the next page.)

Q. What types of aid are included in determining a borrower's EFA?

A. A borrower's EFA for a period of enrollment that a student (or a parent on behalf of a student) receives from federal, state, institutional, or other sources such as, scholarships, grants, financial need-based employment, or loans includes, but is not limited to:

- Veteran's educational benefits, with exceptions on subsidized Stafford loans.
- National service education awards or postservice benefits with exceptions on subsidized Stafford loans.
- Reserve Officer Training Corps (ROTC) scholarships and subsistence allowances.
- Benefits paid under the Selected Reserve Educational Program, Restored Entitlement Program for Survivors, or Educational Assistance Pilot Programs.
- Any educational benefits paid because of enrollment in a postsecondary education institution.
- The estimated amount of other federal student aid – including, but not limited to, federal Pell grant and campus-based aid. The gross amount (including fees) of any subsidized Stafford, unsubsidized Stafford, or PLUS loan is also included, with exceptions.

[§682.200 (b), Estimated financial assistance, (1) and 2003-2004 Common Manual, 6.7]

Q. We offered student Federal Work Study (FWS) funds, however, the student did not accept the funds. Can we use the FWS funds in calculating the student's EFA, even though they were declined?

A. A student's EFA does not include federal Perkins loans and FWS funds that the school determines the student has declined. It also does not include amounts used to replace the expected family contribution, including:

- Unsubsidized and nonsubsidized Stafford loan amounts for which interest benefits are not payable.
- PLUS loan amounts.
- Private and state-sponsored loan programs.

For the purpose of determining eligibility for a subsidized Stafford loan, veterans' educational benefits paid under chapter 30 of title 38 of the

United States Code (Montgomery GI Bill – Active Duty) and national service education awards or postservice benefits under title I of the National and Community Service Act of 1990 are also not included in determining EFA. [§682.200 (b), Estimated financial assistance, (2)]

Q. Our financial aid office has seen quite a few borrowers lately that have filed bankruptcy petitions. Does our office have to certify loans for these students since they have filed?

A. Yes, the school must certify the loan in this instance.

A school may refuse to certify a Stafford or PLUS loan application or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing. The determination of refusal must be made on a case-by-case basis and documentation supporting the determination must be retained in the student's file. Also, the school, in refusing to certify, must not engage in any pattern or practice that results in a denial of a borrower's access to FFELP loans because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, or selection of a particular lender or guaranty agency. [§682.203 (e)]

Q. What is the minimum period of enrollment for which our school may certify a loan application?

A. The minimum period of enrollment for which a school may certify a loan application is:

At a school that measures progress in credit hours and uses a semester, trimester, or quarter system, a single academic term.

At a school that measures academic progress in clock hours, or measures academic progress in credit hours but does not use a semester, trimester, or quarter system – the lesser of the length of the student's program at the school or the school's academic year, or the student's remaining period of enrollment for the program of study at the school. §682.603 (f)(1)]

Calendar of Upcoming Events

July 2004

18-21 2004 NASFAA Conference
Hilton Minneapolis
Minneapolis, Minnesota

August 2004

10 Mapping Your Future Daytime Chat
Student Loan Default Prevention

September 2004

6 MGA Office Closed

7 Mapping Your Future Daytime Chat
FAFSA and Financial Aid

15-17 MBA Retail Lending Conference
Gaylord, Michigan

22-24 MACB 30th Annual Convention and Expo 2004
Grand Traverse Resort
Traverse City, Michigan

If you need further information or wish to submit items for the calendar, please contact Jim Peterson, Editor, at extension 36944, or via email at petersonj@michigan.gov.

LOAN NOTES

JULY 2004

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Federal Family Education Loan Program

Estimated Monthly Repayment Schedule

(Based on Standard Repayment Plan)



MICHIGAN
Guaranty Agency

MICHIGAN
Guaranty Agency

Loan Amount	# of Pmts	Pmt	Finance Charge @ 3.37% Int. Rate*	Pmt	Finance Charge @ 3.46% Int. Rate*	Pmt	Finance Charge @ 4.06% Int. Rate*	Pmt	Finance Charge @ 5% Int. Rate*	Pmt	Finance Charge @ 5.25% Int. Rate*	Pmt	Finance Charge @ 5.5% Int. Rate*	Pmt	Finance Charge @ 5.75% Int. Rate*
\$1,000	18	\$56.50	\$26	\$57.01	\$28	\$57.36	\$32	\$57.78	\$40	\$57.89	\$42	\$58.01	\$44	\$58.12	\$46
2,000	36	58.49	106	58.57	108	59.10	128	59.94	158	60.17	166	60.39	174	60.62	182
2,625	48	58.53	185	58.64	190	59.34	223	60.45	277	60.75	291	61.05	305	61.35	320
3,000	66	50.00	290	50.00	299	50.00	359	50.00	459	50.00	487	50.00	516	50.00	546
4,000	90	50.00	537	50.00	544	50.00	672	50.00	876	50.00	934	50.00	994	50.00	1,057
5,000	118	50.00	878	50.00	907	50.77	1,092	53.03	1,364	53.65	1,438	54.26	1,512	54.88	1,586
6,000	120	58.97	1,076	59.22	1,106	60.92	1,310	63.64	1,637	64.38	1,725	65.12	1,814	65.86	1,903
7,000	120	68.79	1,255	69.09	1,291	71.07	1,529	74.25	1,910	75.10	2,013	75.97	2,116	76.84	2,221
8,000	120	78.62	1,435	78.96	1,475	81.22	1,747	84.85	2,182	85.83	2,300	86.82	2,419	87.82	2,538
9,000	120	88.45	1,614	88.83	1,659	91.38	1,965	95.46	2,455	96.56	2,588	97.67	2,721	98.79	2,855
10,000	120	98.28	1,793	98.70	1,844	101.53	2,184	106.07	2,728	107.29	2,875	108.53	3,023	109.77	3,172
12,000	120	117.93	2,152	118.44	2,213	121.84	2,620	127.28	3,273	128.75	3,450	130.23	3,628	131.72	3,807
15,000	120	147.42	2,690	148.05	2,766	152.30	3,275	159.10	4,092	160.94	4,313	162.79	4,535	164.65	4,758
20,000	120	196.56	3,587	197.40	3,688	203.06	4,367	212.13	5,456	214.58	5,750	217.05	6,046	219.54	6,345
22,500	120	221.13	4,035	222.07	4,149	228.44	4,913	238.65	6,138	241.41	6,469	244.18	6,802	246.98	7,138
30,000	120	294.83	5,380	296.10	5,531	304.59	6,551	318.20	8,184	321.88	8,625	325.58	9,069	329.31	9,517
40,000	120	393.11	7,174	394.79	7,375	406.12	8,735	424.26	10,911	429.17	11,500	434.11	12,093	439.08	12,689
50,000	120	491.39	8,967	493.49	9,219	507.65	10,918	530.33	13,639	536.46	14,375	542.63	15,116	548.85	15,862
54,750	120	538.07	9,819	540.37	10,095	555.88	11,956	580.71	14,935	587.42	15,741	594.18	16,552	600.99	17,368
60,000	120	589.67	10,760	592.19	11,063	609.18	13,102	636.39	16,367	643.75	17,250	651.16	18,139	658.62	19,034
65,000	120	638.81	11,657	641.54	11,985	659.95	14,194	689.43	17,731	697.40	18,688	705.42	19,650	713.50	20,620

*Figures in this column indicate approximate **total** interest amount you will pay over the life of your **loan**. Annual variable interest rates are capped at 8.25%.
NOTE: Minimum monthly payment is \$50. Borrowers with variable interest rates should contact their lenders to determine current rates and/or monthly payment amounts.

Michigan.gov/mistudentaid

Examples of Debt Levels, Beginning Monthly Payments, and Total Amounts Repaid for All FFELP and FDLP Repayment Plans ¹														
Initial Debt When Loan Enters Repayment	Standard		Graduated* FFELP		Graduated* FDLP		Income-Sensitive		Income-Contingent FDLP				Extended	
	FFELP and FDLP		120-Month Repayment		180-Month Repayment		FFELP		Income - \$25,000 ²				FDLP	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total	Single		Married/HOH ³		Per Month	Total
									Per Month	Total	Per Month	Total	Per Month	Total
\$2,500	\$50.00	\$2,698	\$30.00	\$2,788	\$25.00	\$2,950	Contact your lender for more information. Payments are based on a percentage of your gross annual income. Payments can be adjusted annually. Loan must be repaid within 120 months.		\$16.42	\$3,218	\$15.49	\$3,271	\$50.00	\$2,698
5,000	50.00	5,878	30.00	6,034	25.00	6,328			32.84	6,437	30.98	6,541	50.00	5,878
7,500	73.71	8,845	41.05	9,169	36.85	9,503			49.26	9,655	46.47	9,812	63.39	9,128
10,000	98.28	11,794	54.74	12,226	49.14	13,215			65.68	12,873	61.96	13,082	70.85	12,753
15,000	147.42	17,690	82.10	18,339	73.71	19,823			98.52	19,310	92.95	19,623	106.28	19,130
20,000	196.56	23,587	109.47	24,452	98.28	28,097			131.36	25,746	123.93	26,164	114.66	27,518
25,000	245.70	29,484	136.84	30,564	122.85	35,121			164.20	32,183	154.91	32,705	143.33	34,399
30,000	294.83	35,380	164.21	36,677	147.42	42,145			197.04	38,619	185.89	39,246	171.99	41,278
40,000	393.11	47,174	218.95	48,903	196.56	59,290			262.72	51,493	214.67	52,821	197.47	59,241
50,000	491.39	58,967	273.68	61,129	245.70	74,112			267.00	65,611	214.67	68,374	246.84	74,052
75,000	737.09	88,451	410.52	91,693	368.54	116,547			267.00	108,177	214.67	114,799	331.36	119,290
100,000	982.78	117,934	547.36	122,258	491.39	155,396			267.00	159,571	214.67	147,800	441.82	159,055
¹ Payments are calculated using the current repayment interest rate for student borrowers, 3.37 percent. ² Assumes a 5 percent annual income growth (Source: Census Bureau). ³ HOH is Head of Household. Assumes a family size of two.							[*] Under Graduated repayment the monthly payment amount will increase every two years throughout the ten-year repayment schedule.							

REPAYMENT PLANS for the Federal Family Education Loan Program (FFELP) and Federal Direct Loan Program (FDLP).

Standard (FFELP and FDLP)—This plan provides for a fixed monthly payment of at least \$50 for up to ten years. Well suited for borrowers with loan balances of \$10,000 or less or for borrowers with higher loan balances and sufficient income to make monthly payments. Minimizes total interest charges, offers a stable payment scheduled, and secures a faster payoff.

Graduated (FFELP and FDLP)—Appealing to borrowers with at least \$10,000 in loans, those who have other financial obligations requiring attention, or whose incomes start low but increase steadily. Lower initial payments with a predictable schedule, but the borrower will pay higher interest costs than under the Standard repayment plan.

Income-Sensitive (FFELP)—Attractive to borrowers with loan balances of \$10,000 or more, those at risk of defaulting, or those anticipating initially low incomes that are expected to increase as time passes. Repayment terms can be adjusted annually to adapt to income changes, but by reducing early payments and extending the repayment period, long-term interest cost will increase.

Income-Contingent (FDLP)—Attractive to borrowers with loan balances of \$10,000 or more, those at risk of defaulting, or those anticipating initially low incomes that are expected to increase as time passes. Payments rise and fall with income changes, but borrowers with low or modest incomes and large loan balances may experience a major negative amortization and incur extensive interest expenses.

Extended (FFELP)—Available to first time-borrowers on or after October 7, 1998. Loans must total \$30,000 or more. Loan repayment has a fixed or graduated repayment amount paid over an extended period of time, with a maximum of 25 years.

Extended (FDLP)—Appropriate for borrowers with loan balances of \$10,000 or more or for borrowers who are facing monetary difficulties and want to reduce their monthly payments. Reduces monthly payments, providing long-term budget relief, although long-term interest costs will rise substantially.

Consolidation (FFELP and FDLP)—Appealing to borrowers with large education debts because it offers the flexibility to combine multiple educational loans into a single loan.



MICHIGAN
Guaranty Agency

Graduate/Professional Stafford Loan

Estimated Monthly Repayment

Federal Family Education Loan Program



MICHIGAN
Guaranty Agency

Loan Amount	# of Pmts	Pmt	Finance Charge @ 3.37 Int. Rate*	Pmt	Finance Charge @ 3.42% Int. Rate*	Pmt	Finance Charge @ 4.06% Int. Rate*	Pmt	Finance Charge @ 5% Int. Rate*	Pmt	Finance Charge @ 5.25% Int. Rate*	Pmt	Finance Charge @ 5.5% Int. Rate*	Pmt	Finance Charge @ 5.75% Int. Rate*
\$10,500	120	\$103.19	\$1,883	\$103.44	\$1,913	\$106.61	\$2,293	\$111.37	\$2,864	\$112.66	\$3,019	\$113.95	\$3,174	\$115.26	\$3,331
12,500	120	122.85	2,242	123.14	2,277	126.91	2,730	132.58	3,410	134.11	3,594	135.66	3,779	137.21	3,965
15,000	120	147.42	2,690	147.77	2,732	152.30	3,275	159.10	4,092	160.94	4,313	162.79	4,535	164.65	4,758
20,000	120	196.56	3,587	197.02	3,643	203.06	4,367	212.13	5,456	214.58	5,750	217.05	6,046	219.54	6,345
23,000	120	226.04	4,125	226.58	4,190	233.52	5,022	243.95	6,274	246.77	6,612	249.61	6,953	252.47	7,296
30,000	120	294.83	5,380	295.53	5,464	304.59	6,551	318.20	8,184	321.88	8,625	325.58	9,069	329.31	9,517
40,000	120	393.11	7,174	394.05	7,285	406.12	8,735	424.26	10,911	429.17	11,500	434.11	12,093	439.08	12,689
46,000	120	452.08	8,249	453.15	8,378	467.04	10,045	487.90	12,548	493.54	13,225	499.22	13,906	504.94	14,593
50,000	120	491.39	8,967	492.56	9,107	507.65	10,918	530.33	13,639	536.46	14,375	542.63	15,116	548.85	15,862
60,000	120	589.67	10,760	591.07	10,928	609.18	13,102	636.39	16,367	643.75	17,250	651.16	18,139	658.62	19,034
65,500	120	643.72	11,747	645.25	11,930	665.03	14,303	694.73	17,867	702.76	18,831	710.85	19,802	718.99	20,779
70,000	120	687.95	12,553	689.58	12,750	710.71	15,286	742.46	19,095	751.04	20,125	759.68	21,162	768.38	22,206
80,000	120	786.22	14,347	788.09	14,571	812.24	17,469	848.52	21,823	858.33	23,000	868.21	24,185	878.15	25,379
90,000	120	884.50	16,140	886.60	16,392	913.77	19,653	954.59	24,551	965.63	25,875	976.74	27,208	987.92	28,551
100,000	120	982.78	17,934	985.12	18,214	1015.31	21,837	1060.66	27,278	1072.92	28,750	1085.26	30,232	1097.69	31,723
110,000	120	1081.06	19,727	1083.63	20,036	1116.84	24,020	1166.72	30,007	1180.21	31,625	1193.79	33,255	1207.46	34,895
120,000	120	1179.34	21,520	1182.14	21,857	1218.37	26,204	1272.79	32,734	1287.50	34,500	1302.32	36,278	1317.23	38,068
130,000	120	1277.61	23,314	1280.65	23,678	1319.90	28,388	1378.85	35,462	1394.79	37,375	1410.84	39,301	1427.00	41,240
135,000	120	1326.75	24,211	1329.91	24,589	1370.66	29,480	1431.88	36,826	1448.44	38,812	1465.10	40,813	1481.88	42,826
138,500	120	1361.15	24,838	1364.38	25,226	1406.20	30,244	1469.01	37,781	1485.99	39,819	1503.09	41,871	1520.30	43,937

*Figures in this column indicate approximate **total** interest amount you will pay over the life of your **loan**. Annual variable interest rates are capped at 8.25%.

NOTE: Borrowers with variable interest rates should contact their lenders to determine current rates and/or monthly payment amounts.

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MICHIGAN
Guaranty Agency

Federal Family Education Loan Program

Estimated Amount of Interest Saved Making Payments on a Subsidized Loan during the Grace Period



MICHIGAN
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Loan Amount	# of Pmts During Grace Period	Pmt	Interest Saved @ 2.77% Int. Rate	Pmt	Interest Saved @ 2.82% Int. Rate	Pmt	Interest Saved @ 5% Int. Rate	Pmt	Interest Saved @ 5.25% Int. Rate	Pmt	Interest Saved @ 5.5% Int. Rate	Pmt	Interest Saved @ 5.75% Int. Rate	Pmt	Interest Saved @ 6% Int. Rate
\$1,000	6	\$50.00	\$79.92	\$50.00	\$81.50	\$50.00	\$155.94	\$50.00	\$165.14	\$50.00	\$174.49	\$50.00	\$183.98	\$50.00	\$193.61
2,000	6	50.00	88.77	50.00	90.57	50.00	176.57	50.00	187.43	50.00	198.50	50.00	209.79	50.00	221.29
2,625	6	50.00	90.95	50.00	92.81	50.00	181.86	50.00	193.16	50.00	204.70	50.00	216.48	50.00	228.52
3,000	6	50.00	91.84	50.00	93.71	50.00	184.02	50.00	195.50	50.00	207.23	50.00	219.22	50.00	231.47
4,000	6	50.00	93.40	50.00	95.31	50.00	187.85	50.00	199.67	50.00	211.76	50.00	224.12	50.00	236.76
5,000	6	50.00	94.34	50.00	96.28	53.03	201.12	53.65	216.20	54.26	231.78	54.88	247.98	55.51	264.83
6,000	6	57.30	108.32	57.44	110.80	63.64	241.36	64.38	259.44	65.12	278.16	65.86	297.59	66.61	317.79
7,000	6	66.85	126.37	67.01	129.27	74.25	281.59	75.10	302.65	75.97	324.51	76.84	347.20	77.71	370.75
8,000	6	76.40	144.42	76.59	147.75	84.85	321.80	85.83	345.89	86.82	370.86	87.82	396.81	88.82	423.75
9,000	6	85.95	162.47	86.16	166.21	95.46	362.03	96.56	389.13	97.67	417.20	98.79	446.38	99.92	476.71
10,000	6	95.50	180.53	95.73	184.67	106.07	404.54	107.29	432.37	108.53	463.59	109.77	496.00	111.02	529.67
12,000	6	114.60	216.63	114.88	221.61	127.28	482.71	128.75	518.85	130.23	556.29	131.72	595.18	133.22	635.58
15,000	6	143.25	270.79	143.60	277.01	159.10	603.39	160.94	648.57	162.79	695.37	164.65	743.97	166.53	794.50
20,000	6	191.01	361.07	191.46	369.34	212.13	804.51	214.58	864.73	217.05	927.14	219.54	991.99	222.04	1059.34
23,000	6	219.66	415.23	220.18	424.74	243.95	925.19	246.77	994.46	249.61	1066.22	252.47	1140.79	255.35	1218.26
30,000	6	286.51	541.66	287.20	554.02	318.20	1206.78	321.88	1297.14	325.58	1390.73	329.31	1487.99	333.06	1589.01
40,000	6	382.01	722.12	382.93	738.69	424.26	1609.02	429.17	1729.51	434.11	1854.32	439.08	1983.99	444.08	2118.67
46,000	6	439.31	830.44	440.37	849.50	487.90	1850.37	493.54	1988.91	499.22	2132.45	504.94	2281.57	510.69	2436.47
50,000	6	477.51	902.65	478.66	923.36	530.33	2011.29	536.46	2161.87	542.63	2317.88	548.85	2479.98	555.10	2648.34
60,000	6	573.02	1083.19	574.39	1108.03	636.39	2413.53	643.75	2594.24	651.16	2781.47	658.62	2975.98	666.12	3178.01
65,000	6	620.77	1173.46	622.26	1200.37	689.43	2614.68	697.40	2810.44	705.42	3013.24	713.50	3223.95	721.63	3442.85

THIS CHART CALCULATES YOUR POTENTIAL INTEREST SAVINGS ON YOUR SUBSIDIZED STAFFORD LOAN WHEN YOU PAY DURING YOUR GRACE PERIOD

**Federal Family Education Loan Program
Variable Rate PLUS and SLS Loan Interest Rates
July 1, 2004, through June 30, 2005**

Table 4

INTEREST RATE FORMULA (T-BILL RATE + ADDITIONAL SUM = INTEREST RATE)							
Type of Loan	First Disbursement Made On or After	First Disbursement Made Before	91-Day Treasury Bill Rate	One-Year Constant Maturity	Additional Sum	CAP	Interest Rate for the Period of 7/01/04 - 6/30/05
PLUS/SLS*		10/01/92		2.16%	3.25%	12%	5.41%
PLUS*	10/01/92	07/01/94		2.16%	3.1%	10%	5.26%
SLS*	10/01/92	07/01/94		2.16%	3.1%	11%	5.26%
PLUS	07/01/94	07/01/98		2.16%	3.1%	9%	5.26%
PLUS*	07/01/98	07/01/06	1.07%		3.1%	9%	4.17%

*These loans will not be subject to special allowance payments during the four quarters ending 9/30/04, 12/31/04, 3/31/05, and 6/30/05.

**91-DAY TREASURY BILL
SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING JUNE 30, 2004**

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Special Allowance Category
SA	7% 9%	0 0	0 0	<u>SA</u> - for loans made before 10/01/81.
SB	7% 8% 9%	0 0 0	0 0 0	<u>SB</u> - for Stafford (subsidized) and PLUS loans made on/after 10/01/81 but before 10/17/86 or loans made on/after 10/17/86 but before 11/16/86, for enrollment periods beginning before 11/16/86.
SD	7% 8% 9% FVAR10 (4.37%) PLUS/SLS Var (4.81%) FVAR7, FVAR8, FVAR9, EVAR (4.22%)	0 0 0 0 0 .0015	0 0 0 0 0 .00375	<u>SD</u> - for Stafford (subsidized) and PLUS/SLS loans made on/after 10/17/86 but prior to 11/16/86 for enrollment periods beginning on/after 11/16/86. For Stafford (subsidized) and PLUS/SLS loans made on/after 11/16/86 but before 10/01/92. Also, for Stafford (unsubsidized) loans made prior to 10/01/92 for periods of enrollment beginning on/after 10/01/92.
SE	FVAR7 (4.22%) FVAR8 (4.22%) FVAR9 (4.22%) FVAR10 (4.22%) EVAR (4.22%) PLUS/SLS Var (4.05%)	0 0 0 0 0 .0017	0 0 0 0 0 .000425	<u>SE</u> - for Stafford loans made on/after 10/01/92 but prior to 07/01/94, regardless of the enrollment period, or loans made after 07/01/94 for an enrollment period ending prior to 07/01/94. Also, for PLUS loans made on/after 10/01/92 but before 07/01/94. Also, for SLS loans made on/after 10/01/92 but before 07/01/94; or certified before 07/01/94 and disbursed after 07/01/94.
SG	Stafford Var (4.22%) PLUS Var (4.05%)	0 .0017	0 .000425	<u>SG</u> - for Stafford loans made on/after 07/01/94 but before 07/01/95, or loans made on/after 07/01/95 but before 07/01/98, during periods of repayment or forbearance. Also, for PLUS loans made on/after 07/01/94 but before 07/01/98.
SH	Stafford Var (3.62%) PLUS Var (4.22%)	0 0	0 0	<u>SH</u> - for Stafford loans made on/after 07/01/95 but before 07/01/98 only during the in-school, grace, and deferment periods. Also, for PLUS loans made on/after 07/01/98 but prior to 01/01/00.
SJ	Stafford Var (2.82%)	.0050	.001250	<u>SJ</u> - for Stafford loans made on/after 07/01/98 but prior to 01/01/00 only during the in-school, grace, and deferment periods.
SK	Stafford Var (3.42%)	.0050	.001250	<u>SK</u> - for Stafford loans made on/after 07/01/98 but prior to 01/01/00 only during the repayment and forbearance periods.

PLEASE NOTE: The 91-day T-bill average (bond equivalent rate) is **1.12%** for the second quarter of **2004**. This results in the following yields:

SA 1.12% plus 3.50% = 4.62%	SG 1.12% plus 3.10% = 4.22%
SB 1.12% plus 3.50% = 4.62%	SH 1.12% plus 2.50% = 3.62%
SD 1.12% plus 3.25% = 4.37%	SJ 1.12% plus 2.20% = 3.32%
SE 1.12% plus 3.10% = 4.22%	SK 1.12% plus 2.80% = 3.92%

**91-DAY COMMERCIAL PAPER
SPECIAL ALLOWANCE RATES
FOR
QUARTER ENDING JUNE 30, 2004**

	Loan Rate	Special Allowance Annual Rate	SA Quarterly Rate	Part IV: Special Allowance Category Column C
CA	Stafford Var (2.82%)	.0015	.000375	<u>CA</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/06, only during the in-school, grace, and deferment periods.
CB	Stafford Var (3.42%)	.0015	.000375	<u>CB</u> - for subsidized/unsubsidized Stafford loans made on/after 01/01/00 but prior to 07/01/06, during the repayment and forbearance periods only .
CD	PLUS Var (4.22%)	0	0	<u>CD</u> - for PLUS loans made on/after 01/01/00 but prior to 07/01/06. Note: special allowance will not be paid unless the calculated interest rate exceeds the 9% cap.

PLEASE NOTE: The three-month Commercial Paper average (bond equivalent rate) is **1.23%** for the second quarter of **2004**. This results in the following yields:

CA 1.23% plus 1.74% = 2.97%
CB 1.23% plus 2.34% = 3.57%
CD 1.23% plus 2.64% = 3.87%